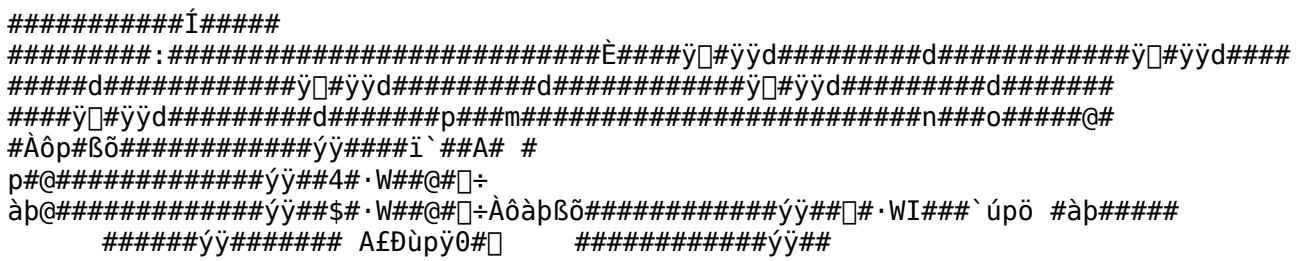

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ûW   Àýÿÿ####ÿÿ#####ÿ##ÿÿd#########d#########:###CIVILIAN PERSONNEL SEMINAR
NSWC Budget Workshop March 1999

###Why does it exist and who is it for?   FMB-42 created the Pricing Model and uses it as a consistent means of evaluating Navy civilian personnel salaries.What does it do? It projects each fiscal years average salary and benefit rate and compares it to the CP-2.

#################,##########################ÿ#ÿÿd#########d#########2####©öüW
      t#ÿÿ####ÿÿ#####ÿ##ÿÿd#########d#############The model looks at Basic Compensation and Benefits only. Activities incorporate their own unique changes in average salary and benefit costs. All fully justifiable increases (with back-up calculations) will be allowed, (not including promotions or WIGs).

#################,##########################ÿ□#ÿÿd#########d#########2##□##ªö□üV
s#ÿÿ####ÿÿ#####ÿ□#ÿÿd#########d#########Ê###Activities need to enter the following into the Pricing ModelPrior Year Certified CPRRS DataCumulative CPRRS DataMonthly CPRRS DataCP-2 DataReasons for increase/decrease in salary from year to year

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      □#ÿÿ####ÿÿ#####ÿ□#ÿÿd#########d#########V###Projects the current months
CPRRS execution rate (Basic Compensation) to the end of the fiscal year, then
adds in the current cumulative data to get the total yearly estimate.  Assumes
that the month is clean.  Takes into account known increases. Prior year
AnnualizationCurrent year pay raise & locality payChange in number of paid days
```

#################,##########################ÿ□#ÿÿd#########d#########2##□##yö□û' ¤#ÿÿ ###ÿÿ#####ÿ□#ÿÿd#########d#############Benefits are broken down into three major categories:Federal Health Benefit Cost (FEHB);Other OC 12 (Includes PCS, Uniform Allowances, Life Insurance, etc.); andRetirement Costs.The rates used in all calculations reflect only the employers contribution, i.e. DON, not the employees.#

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      s#ÿÿ####ÿÿ#####ÿ□#ÿÿd#########d#########□###Retirement Costs:Looks at what % Retirement was to Basic Comp in prior year actuals and compares it to the current CPRRS Retirement %.Calculates future Retirement % on percentage increase/decrease from prior year actual to current.E.g., if FY 98 Retirement cost was 17% and FY 99 current execution is 18% (+1%), then the model will increase the retirement rate in FY 00 to 19% (+1%), etc□#

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      s#ÿÿ####ÿÿ#####ÿ□#ÿÿd########d#########+###FEHB & Other OC-12 CostsFY 99 uses projected %FY 00-out For FEHB, the latest monthly data is used.Latest monthly FEHB cost data / latest monthly basic comp cost dataFor other OC-12, the cumulative monthly data section is used.Cumulative Other OC-12 cost data / cumulative basic comp cost data#

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      s#ÿÿ####ÿÿ#####ÿ□#ÿÿd#########d#########q###Activities need to look at what the model is projecting for benefits. If %□s have gone up or down drastically, then we can alter the formula to make a more realistic benefit %. Activities will need to provide back-up supporting the change.However, FMB-4 has traditionally allowed .05% increase in retirement costs from year to year without the need for justification.#

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t#ÿÿ####ÿÿ#####ÿ□#ÿÿd#########d#############It is the activities□
responsibility to identify the unique changes to their average salary and to provide back-up notes and calculations to justify the change in average salary and/or benefits. Ex:RIFsSIPsFunctional TransfersWorkload mix (FTP/Temps) (GS/WG)#

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s#ÿÿ ###ÿÿ#####ÿ□#ÿÿd#########d#########Ü###GS Pay Rates TabFor GS/GM, AA, and DEMO PersonnelEnter # of WysEnter basic Average Salary Pre-Pay raise Calculates a weighted pay raise/locality pay raise percentLinked into the pay raise section of the pricing model

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#################,##########################ÿ□#ÿÿd#########d#########2##□##ªö□üV
      s#ÿÿ####ÿÿ#####ÿ□#ÿÿd#########d#############CP-12D-Projected US Wage Grade
Increases by Wage Survey AreaWG Employees only.Calculates weighted average for
WG employees, who receive pay raises at different times of the year.A separate
CP-12D is required for each year.CP-12Ds are now tabbed on the model file.
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dûÿÿ####ÿÿ#####ÿ##ÿÿd#########d#############Common Trouble Areas with the Model8
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      ##ÿÿ####ÿÿ#####ÿ##ÿÿd#########d#########□###Data not agreeing between
sheetsFTE on CP-2 not matching FTE on the GS and WG tabsQuestionable Avg basic
Comp Pre-raise on the GS and WG tabs
```

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############################################ÿ□#ÿÿd#########d#########r##□##ÙöÌø□
      dûÿÿ####ÿÿ#####ÿ##ÿÿd#########d#############Common Trouble Areas with the
Model#
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#################+##########################ÿ□#ÿÿd#########d#########2##□##©öüûW ä#ÿÿ####ÿÿ#####ÿ##ÿÿd#########d#########õ###Retirement BenefitsCSRS, FERS Basic Annuity Plan, Thrift Savings Plan, FICA for employees not under CSRS or FERS, Medicare Tax for CSRS employees, FICA for FERS employees, FICA costs for □offset□ employeesFEHBFederal Employees Health Benefits#

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dûÿÿ####ÿÿ#####ÿ##ÿÿd#########d#############Common Trouble Areas with the Model#

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      D#ÿÿ####ÿÿ#####ÿ##ÿÿd#########d#########à###Other OC-12FEGLI, Uniform
Allowances, COLA outside CONUS, Quarters Allowance outside CONUS, PCS costs and
moving expenses, Cash in lieu of quarters, Benefits for non-citizens, Foreign
Separation Liability, Other OC-12 costs
```

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############################################ÿ□#ÿÿd#########d#########r##□##i÷Ìø#
dûÿÿ####ÿÿ#####ÿ##ÿÿd#########d#############Common Trouble Areas with the Model#
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##ÿÿ####ÿÿ#####ÿ##ÿÿd#########d#############Baseline Retirement Costs Projectionthe Model estimates a retirement costs baseline using prior year CPRRS data and current CPRRS executionthe percentage growth between these two points is applied to the baseline year rate the projected benefits percentages are often extreme

##ÿ□#ÿÿd#########d#########r##□##©öÌøW
dûÿÿ####ÿÿ#####ÿ##ÿÿd#########d#############Common Trouble Areas with the Model#

#################+##########################ÿ□#ÿÿd#########d#########2##□##©ö□üW
t##############ÿ□#ÿÿd#########d#########ö###FMB-42 allows % adjustments to the retirement costs estimates due to projection fluctuationsthis is to alleviate erroneous estimates not to exceed a half-percent for this type of adjustment. Other adjustments can be made (e.g., for transfers)

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      {ûÿÿ####ÿÿ#####ÿ##ÿÿd#########d#############Common Trouble Areas with the
Model#

#################+##########################ÿ□#ÿÿd#########d#########2##□##9÷üûÇ #ä#ÿÿ####ÿÿ#####ÿ##ÿÿd#########d#########g###Methodologies for AdjustmentsNo set FMB recommended methodologyProvide detailed adjustment methodology and calculations separately (e.g., insert an extra sheet)provide basic comp and benefits costs, by pay schedule, for each adjustmentadjustments to projected avg sal are on a per WY basisadjustments to benefits percentages must be on a percentage basis